

# REPORT

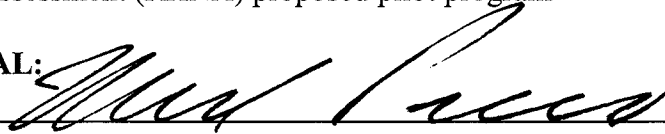
**DATE:** May 4, 2006

**TO:** Community Economic and Human Development Committee

**FROM:** Hasan Ikhata, Director of Planning and Policy

**SUBJECT:** Regional Housing Needs Assessment (RHNA) proposed pilot program

**EXECUTIVE DIRECTOR'S APPROVAL:**



**RECOMMENDED ACTION:**

Recommend to the Regional Council that SCAG continue to proceed with the RHNA Pilot Program.

**SUMMARY:**

SCAG staff has been actively pursuing program changes to the Regional Housing Needs Assessment (RHNA) statute consistent with our obligations under the 2004 RHNA Settlement Agreement arising out of the litigation from the last RHNA cycle. Our focus, as reported and approved by the CEHD and Regional Council in 2005, has been to develop a policy based, rather than a statistically based RHNA program that emphasizes the use of improved local growth data and further identifies priority investment zones where incentives may be targeted to encourage additional housing development, i.e. Compass 2% Strategy areas identified locally. This approach, known as "20 year Housing Planning" by the state has been identified as the optimum way to proceed by the Secretary of Business, Transportation and Housing. This approach requires amendment to the existing RHNA statute.

SCAG is developing a pilot program for the next RHNA cycle that will replace the existing RHNA statute for the required activities at the SCAG level. The RHNA Pilot Program has been the subject of several briefings to the CEHD Committee and three joint workshops involving all SCAG policy committees and the Regional Council.

**FISCAL IMPACT:**

There is a fiscal impact as the RHNA Pilot Program is less costly than implementing existing statute

DOCS121137

# Regional Housing Needs Assessment Workshop

Southern California Association of Governments

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## State Housing Element Law

Unlike the other  
mandatory  
general plan  
elements, the  
housing  
element...

1. must be updated every five years
2. is subject to detailed statutory requirements and mandatory review by a State agency (HCD)
3. requires a RHNA process and plan for assigning a "fair share" of housing need for all economic income groups based on a very detailed review and appeal process.

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**There Must Be a Better Way...**

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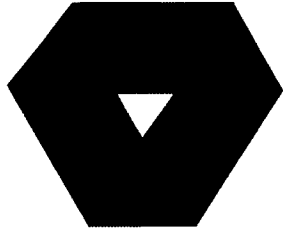
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## RHNA Pilot Program



**Linking Housing and  
Transportation Planning**

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## KEY FEATURES

**1.**

Policy vs.  
Formula  
Driven  
Process

**2.**

20 Year vs.  
5 Year  
Planning  
Horizon

**3.**

Built in  
Flexibility

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## KEY FEATURES

**1.**

Policy vs.  
Formula  
Driven  
Process

1. Respects the local growth perspective and local inputs, moves away from number argument and appeal while focusing on key policy issues
2. More closely ties the growth forecast to the RTP/ Compass Blueprint in ways not envisioned by recent RHNA law revisions

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## KEY FEATURES

2.

20 Year vs.  
5 Year  
Planning  
Horizon

1. Calls for cities and counties to Plan for a 20 year supply of housing and zone for a 10 year supply
2. Promotes census based housing element updates that occur only once a decade (rather than every five years)

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## KEY FEATURES

3.

Built in  
Flexibility

1. Simplifies process and promotes incentives to support trades/transfers, and attract/direct the growth into 2% strategy areas when all parties agree
2. Supports removal of the RHNA fee on local government

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## More Homes, Less Process

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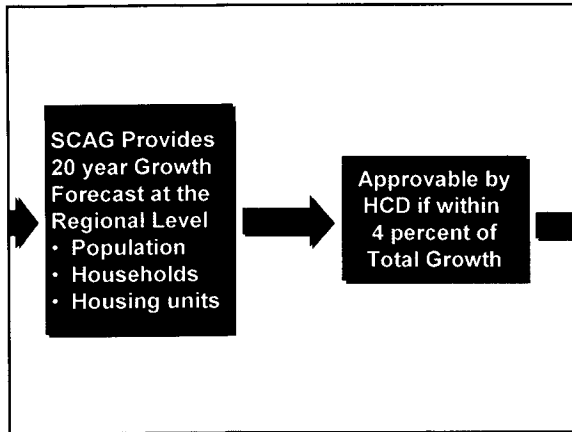
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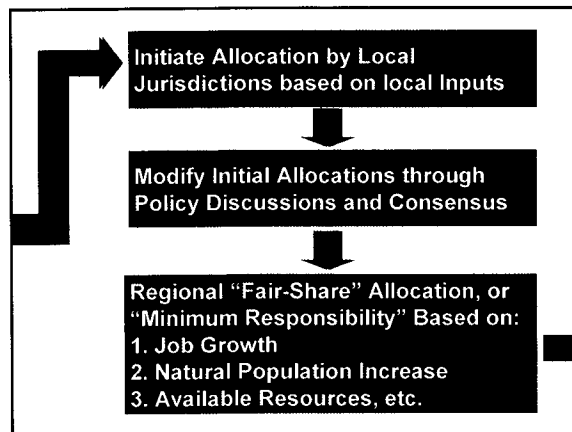
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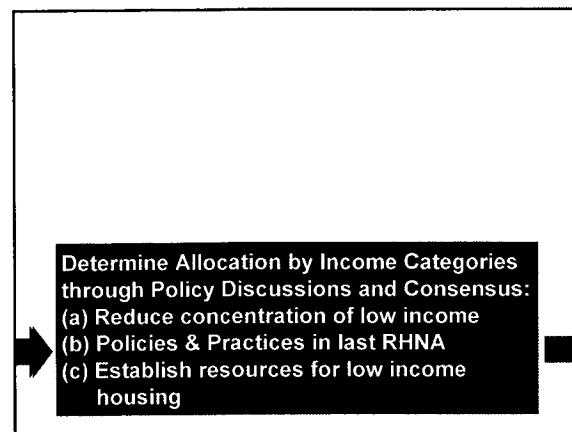
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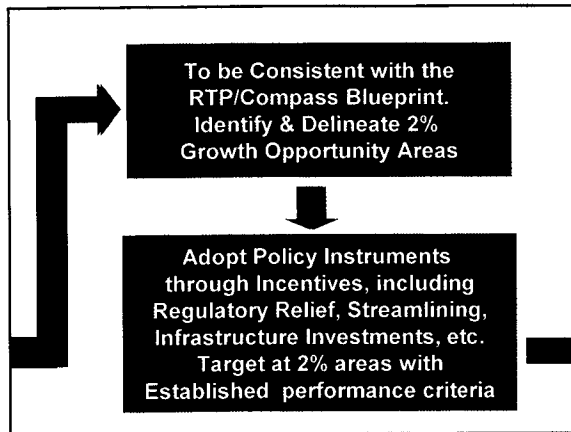
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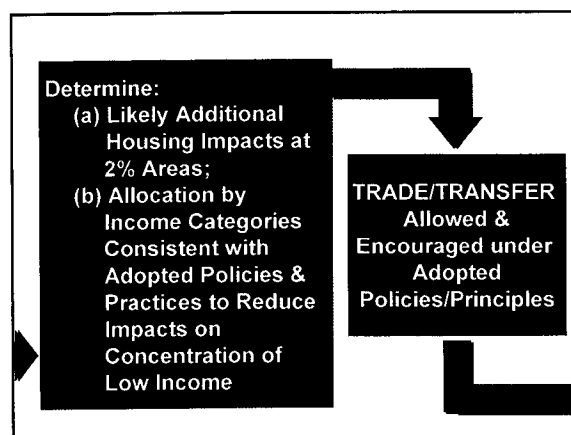
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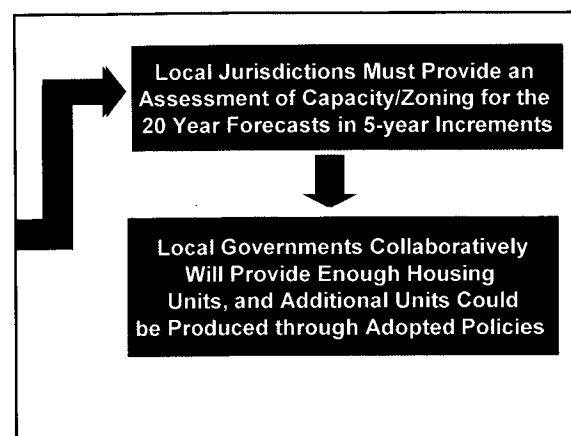
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**The Comparison**

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**Determination of Needs**

<b>Existing Law</b>	<b>Pilot Proposal</b>
State Housing & Community Development Department with appeal process	SCAG RC/ subregions/ local jurisdictions with HCD acceptance

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**Length of Process**

<b>Existing Law</b>	<b>Pilot Proposal</b>
26 – 28 months Lengthy appeal process	Completed within 12 months after HCD approval of growth forecast

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## Allocation Methodology

### Existing Law

Local jurisdiction surveys and AB 2158 factors

### Pilot Proposal

Respects local input and growth perspectives

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## Allocation Process

### Existing Law

Subject to lengthy local review, approval, and appeal

### Pilot Proposal

Respects local input and growth perspectives

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## Allocation by Income

### Existing Law

Requires reductions in concentration of low income units where concentrations are already high

### Pilot Proposal

Follow policies of last RHNA round and modify based on RC policy discussions

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Regional "Fair Share"	
<p><b>Existing Law</b></p> <p>Not mentioned. Strict schedule allows no time for discussion and debate</p>	<p><b>Pilot Proposal</b></p> <p>Resolved and adopted through intensive policy discussions and debates</p>

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Planning Time Frame	
<p><b>Existing Law</b></p> <p>5-Year Cycle</p>	<p><b>Pilot Proposal</b></p> <p>20 Year Planning</p> <p>10-Year Zoning and Updates</p>

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Linkage to RTP/Compass	
<p><b>Existing Law</b></p> <p>Bears no relationship to RTP/Compass</p>	<p><b>Pilot Proposal</b></p> <p>Realizes distribution envisioned under RTP/Compass</p>

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## Trade/Transfer

### Existing Law

Allowed only  
between cities  
and county  
and for a  
short period  
of time

### Pilot Proposal

Ensures  
active trades  
between finer  
delineated 2%  
growth  
opportunity  
areas

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## Q & A

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### Why is the Pilot Program better than existing law?

The current law does not  
provide sufficient  
flexibility for RHNA  
coordination with other  
plans nor does it allow  
local flexibility to trade  
and transfer.

The Pilot program  
streamlines the regional  
role and transforms the  
process from a  
“numbers” to a “policy”  
approach.

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**What is the advantage of a 20 year Housing Forecast horizon?**

A 20 year planning horizon allows the growth forecast to serve air quality, transportation, and housing planning goals.

It also provides a longer time frame and focus for local housing planning and its coordination with other General Plan elements, while allowing for phased and orderly growth.

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**What are the local government safeguards compared to what they are in the current statute?**

The Pilot respects local inputs and growth perspective, but with less process and more flexibility by providing for a subregional focus, trades, transfers and cooperative planning when conditions are right. Does away with "appeals" by requiring adjustments up front.

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**What Does the RHNA Pilot Program propose to adopt ?**

The RHNA Pilot proposes to pool resources, promotes regulatory relief, and supports development streamlining for priority infrastructure investment.

Focuses future development in Compass 2% growth opportunity areas where local land use capacity and zoning exists.

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**How is the  
“fair share”  
responsibility  
addressed in  
this  
proposal?  
“not-able-to”  
vs.  
“not-wanting-  
to”**

This issue will be addressed through policy discussions and consensus building during the RHNA policy deliberations on how to weigh:

1. job growth
2. population growth
3. local input

and avoid impaction

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**How does the  
Pilot address  
the issue of  
avoiding over  
concentration  
of lower-  
income  
households  
and housing  
units?**

One variation of the current RC policy and practices is to move 50% toward the county allocation.

Here is a simplified example:

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		High Concentration of Low-Income	RHNA Allocation	City A
		30.1%	27.4%	
		21.1%	18.4%	
		19.9%	18.5%	
		28.9%	35.7%	
Median HH Income	County Distribution	Typical Income Distribution	RHNA Allocation	City B
Less than 50%	24.7%	25.9%	25.3%	
51% to 80%	15.7%	15.0%	15.3%	
81% to 120%	17.1%	17.1%	17.1%	
Above 120%	42.6%	42.1%	42.3%	
		Low Concentration of Low-Income	RHNA Allocation	City C
		5.2%	15.0%	
		4.6%	10.1%	
		8.1%	12.6%	
		82.1%	62.3%	

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**How was the Compass/Blueprint distribution derived?**

It was derived through a process involving participants throughout all SCAG region, following land use principles: mixed-use, regional centers, job/housing balance. And TOD, etc.

It will be revised and modified through experiences learned from growth vision demonstration projects and recent development trends.

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**How does the Compass Blueprint distribution differ from local input or baseline?**

It is a modest difference, but with significant benefits in:

Mobility, Air Quality, housing production and affordability, wealth creation, energy savings, agricultural land and open space preservation, water conservation and water quality improvement.

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**Why is trading permitted and why are there conditions?**

This will ensure that there will not be adverse social equity, air quality or mobility impacts. There are three conditions:

1. must be in same subregion
2. must be targeted to a 2% Strategy area
3. no "dumping" of entire housing need on to another jurisdiction.

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# Regional Housing Needs Assessment Workshop

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